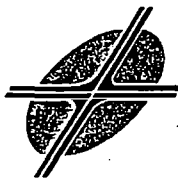


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## ASH GROVE CEMENT WEST, INC.

Inter-Office Memorandum

January 23, 1990

Date

To Dick Cooke

From Ken Rone

Copies to Steve Sheridan

Subject Progress Report

George Wells

1-8-90 thru 1-19-90

### EAST TERMINAL

A rainstorm badly overloaded the plant drainage systems. The maintenance shop was under 4" of water. The electrical shop and clinker shed were badly flooded. We pumped the pond to the river and opened other drains to the river until the pond level reseeded.

The Louisville Type I has arrived in town. The silo is not yet empty of the Leamington but should be in another day.

I issued a six month silica hauling contract to LTI. Corliss declined to submit a bid and there were no other bidders. The rate is \$6.00/ton, including road maintenance and loading equipment.

The swing shift operator, who is normally alone in the plant, was hit in the lip by a rail car handle which recoiled when he lost his grip. Eight sutures were required. There was no lost time.

Washington Brick, a customer, complained to our salesman that we refused to load his truck during lunch break. This is not our policy and we load trucks during lunch hour regularly. The details of the occurrence remain very unclear.

I met with John McCormac of Donworth and Taylor to determine their fee for reviewing our compensation and personnel packages for competitiveness.

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FLS engineers toured the site for familiarization purposes and to determine electrical and instrumentation details. A representative from Baugh Construction was along.

#### WEST TERMINAL

I discussed the incoming power with Seattle City Light. It will be in our best interest to write a new contract with them to supply 26 KV service with primary metering. We (LSNW) will need to supply one 26 KV/4160 transformer to provide a logical power supply to the new ship unloader if the present supply turns out to be insufficient. I have prepared a more detailed report explaining this recommendation.

Macawber visited the terminal to gather data needed for their quote. Their approach incorporates much more structure and existing systems than Kovaco and Cyclonaire.

A short in the conduit under the dock, (which is under water at high tide) resulted in replacement (\$6,000) of our 4160v feeder cable to the unloader. We are looking at filling the conduit with urethane foam to prevent water leaks.

Two bids to partially demolish the Mid West Unloader were received. One at \$115,000 plus tax. The other was at \$120,000.

Regarding the issue of the November write-down of inventory, keep in mind that the initial inventory showed a 1700 ton negative variance, the variance has averaged around 2300 tons for the past 18 months without moving, and the truck scales were last calibrated in 11/89. The cement disposal from cleanup and dock spills is about 10% of the amount in question. We use similar formulae to those used at the East Terminal which are not a problem. Kaisers formulae were substantially different and to us illogical so they were not used.

LSNW began to ship heavily from Ideal and other customers were switched to the East terminal as we await the next ship and our inventories get low.

#### SHIPMENTS

East Terminal Sales	10,289 tons
West Terminal Sales	2,480 tons
LSNW Shipments	2,058 tons